

New Boston Local School District  
Scioto County  
Single Audit  
For the Fiscal Year Ended June 30, 2013



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# Dave Yost • Auditor of State

Board of Education  
New Boston Local School District  
#1 Glenwood Tiger Trail  
New Boston, Ohio 45662

We have reviewed the *Independent Auditor's Report* of the New Boston Local School District, Scioto County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The New Boston Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

April 3, 2014

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**New Boston Local School District**  
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*For the Fiscal Year Ended June 30, 2013*

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**Independent Auditor's Report**

Board of Education  
New Boston Local School District  
#1 Glenwood Tiger Trail  
New Boston, Ohio 45662

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Boston Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of New Boston Local School District, Scioto County, Ohio, as of June 30, 2013, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 3 to the financial statements, during 2013, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinions regarding these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The schedule of federal awards expenditures, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of federal awards expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal awards expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2014 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Natalie Millhuff-Stang, CPA  
President/Owner  
Millhuff-Stang, CPA, Inc.

February 28, 2014

***NEW BOSTON LOCAL SCHOOL DISTRICT***

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

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As management of the New Boston Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the basic financial statements and in the notes to the basic financial statements to enhance their understanding of the School District's performance.

**Financial Highlights**

Net position of governmental activities decreased \$1,996,333.

General revenues accounted for \$3,026,885 of total revenues. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$2,805,923 of total revenues of \$5,832,808.

The School District had \$7,829,141 in expenses related to governmental activities; only \$2,805,923 of these expenses were offset by program specific charges for services and sales, operating grants, contributions, and interest. General revenues (primarily grants, entitlements and property taxes) of \$3,026,885 were not adequate to provide for these programs.

**Using the Basic Financial Statements**

This report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand New Boston Local School District as a financial whole, an entire operating entity.

The Statement of Net Position and the Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's major funds with all other nonmajor funds presented in total in one column. The major funds for the New Boston Local School District are the General Fund, the Bond Retirement Debt Service Fund, and the Building and Classroom Facilities Capital Projects Funds.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

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**Reporting the School District as a Whole**

One of the most important questions asked about the School District is “How did we do financially during fiscal year 2013?”

The Statement of Net Position and the Statements of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

The analysis of the School District's major funds begins on page nine. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds, which are the General Fund, the Bond Retirement Debt Service Fund, and the Building and Classroom Facilities Capital Projects Fund.

**Governmental Funds** – Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

**Fiduciary Funds** – The School District has three fiduciary funds: two agency funds and one private purpose trust fund. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations.

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for fiscal years 2013 and 2012:

(Table 1)  
Net Position

	<u>Governmental Activities</u>		
	<u>2013</u>	<u>2012</u>	<u>Increase/ (Decrease)</u>
<b>Assets</b>			
Current Assets	\$5,495,728	\$12,726,132	(\$7,230,404)
Capital Assets, Net	19,753,790	15,635,990	4,117,800
Total Assets	<u>25,249,518</u>	<u>28,362,122</u>	<u>(3,112,604)</u>
<b>Liabilities</b>			
Other Liabilities	1,389,111	2,435,561	(1,046,450)
Long-Term Liabilities	3,581,775	3,597,380	(15,605)
Total Liabilities	<u>4,970,886</u>	<u>6,032,941</u>	<u>(1,062,055)</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	<u>922,194</u>	<u>976,410</u>	<u>(54,216)</u>
<b>Net Position</b>			
Net Investment in Capital Assets	16,032,380	13,604,219	2,428,161
Restricted	1,677,656	6,109,754	(4,432,098)
Unrestricted	1,646,402	1,638,798	7,604
Total Net Position	<u>\$19,356,438</u>	<u>\$21,352,771</u>	<u>(\$1,996,333)</u>

Total assets of governmental activities decreased \$3,112,604. The large decrease in current assets was primarily due to the School District spending monies related to the Ohio School Facilities Commission building project. The large increase in capital assets, net, is due to the School District completing its building project.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

Total liabilities had a decrease of \$1,062,055 for fiscal year 2013 when compared to the prior fiscal year. The other liabilities decreased \$1,046,450 due to a significant decrease in contracts and retainage payable related to the Ohio School Facilities Commission building project.

Net investment in capital assets for governmental activities increased \$2,428,161. The increase is due to the completion of the School District's building project. Restricted net position decreased \$4,432,098 primarily due to the School District spending both grant and local monies associated with the completion of their facilities project. Unrestricted net position for governmental activities slightly increased by \$7,604.

Table 2 shows the highlights of the School District's revenues and expenses for fiscal years 2013 and 2012. These two main components are subtracted to yield the change in net position. This table uses the full accrual method of accounting.

Revenue is further divided into two major components: Program Revenues and General Revenues. Program Revenues are defined as charges for services and sales, operating grants, capital grants, contributions, and restricted interest. General Revenues include property taxes, unrestricted grants, such as State foundation support, unrestricted contributions, unrestricted interest and miscellaneous revenues.

Expenses are shown in programs that are easily identifiable utilizing the current Uniform School Accounting System (USAS) coding structure.

(Table 2)  
Change in Net Position

	<u>Governmental Activities</u>		Increase/ (Decrease)
	<u>2013</u>	<u>2012</u>	
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$1,477,436	\$1,197,960	\$279,476
Operating Grants, Contributions, and Interest	1,328,487	1,272,405	56,082
Total Program Revenues	<u>\$2,805,923</u>	<u>\$2,470,365</u>	<u>\$335,558</u>

(continued)

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

(Table 2)  
Change in Net Position  
(continued)

	Governmental Activities		Increase/ (Decrease)
	2013	2012	
General Revenues:			
Property Taxes	\$1,008,856	\$968,593	\$40,263
Grants and Entitlements not Restricted to Specific Programs	1,760,495	1,978,582	(218,087)
Contributions not Restricted to Specific Programs	13,774	16,500	(2,726)
Investment Earnings	25,327	63,478	(38,151)
Miscellaneous	218,433	153,430	65,003
Total General Revenues	<u>3,026,885</u>	<u>3,180,583</u>	<u>(153,698)</u>
Total Revenues	<u>5,832,808</u>	<u>5,650,948</u>	<u>181,860</u>
<b>Program Expenses</b>			
Instruction:			
Regular	2,778,099	2,427,482	350,617
Special	1,130,036	821,459	308,577
Vocational	131	179	(48)
Student Intervention Services	576	814	(238)
Support Services:			
Pupils	219,392	212,110	7,282
Instructional Staff	410,308	379,598	30,710
Board of Education	14,817	14,636	181
Administration	543,284	508,180	35,104
Fiscal	192,248	186,731	5,517
Operation and Maintenance of Plant	1,714,863	480,450	1,234,413
Pupil Transportation	141,904	121,125	20,779
Central	62,601	53,664	8,937
Operation of Non-Instructional Services:			
Food Service Operations	244,561	260,309	(15,748)
Extracurricular Activities	143,452	138,785	4,667
Interest and Fiscal Charges	232,869	167,419	65,450
Total Expenses	<u>7,829,141</u>	<u>5,772,941</u>	<u>2,056,200</u>
Change in Net Position	<u>(1,996,333)</u>	<u>(121,993)</u>	<u>(1,874,340)</u>
Net Position at Beginning of Year	<u>21,352,771</u>	<u>21,474,764</u>	<u>(121,993)</u>
Net Position at End of Year	<u>\$19,356,438</u>	<u>\$21,352,771</u>	<u>(\$1,996,333)</u>

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

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**Governmental Activities**

Program revenues, which are primarily represented by charges for tuition, fees, sales, and extracurricular activities, as well as restricted intergovernmental revenues were \$2,805,923 of total revenues for fiscal year 2013. The increase of \$335,558 is primarily the result of an increase in tuition and fees associated with a slight increase in open enrollment students.

As previously mentioned, general revenues were \$3,026,885 of total revenues for fiscal year 2013 and were slightly lower than the prior fiscal year.

As should be expected, instruction costs represent the largest of the School District's expenses, \$3,908,842 for fiscal year 2013. The instruction category, however, does not include all activities associated with educating students. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for \$771,604 of governmental expenses. Maintenance of the School District's facilities also represents a significant expense of \$1,714,863. The increase in Maintenance for fiscal year 2013 resulted from a loss on capital assets due to disposal of assets that were not fully depreciated. Regular and Special instruction increased \$350,617 and \$308,577, respectively. These increases are primarily due to additional depreciation expense associated with the completion of the School District's new building and equipment compared to the prior fiscal years when the previous buildings were fully depreciated.

**The School District's Funds**

Information about the School District's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$6,000,319 and expenditures of \$11,986,014. The net change in fund balance for the year was most significant in the Classroom Facilities Capital Projects Fund with a decrease of \$5,806,346, which was the result of the School District utilizing both current and prior fiscal years resources associated with the completion of the School District's facilities project.

The net change in fund balance for the fiscal year in the General Fund was an increase of \$66,517, which is not significant.

The Bond Retirement Debt Service Fund had an increase in fund balance of \$2,393 during the fiscal year, which is insignificant.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

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**General Fund - Budget Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2013, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A summary of the General Fund original and final budgeted amounts is listed on page 18, as well as the actual amounts. A variance comparison is presented between the final budgeted amounts and the actual amounts.

A review of the budgetary comparison statement for the General Fund reflects an increase of \$556,617 between the original budget and final budget revenues. Intergovernmental Revenue increased due receiving additional State funding dollars compared to the original estimate. Tuition and Fees increased due to a slight increase in open enrollment students than originally anticipated.

The decrease in expenditures from the original to the final budget was \$81,710, which is insignificant

**Capital Assets**

At the end of fiscal year 2013, the School District had \$19,753,790 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles which represented an increase of \$4,117,800. The increase was mainly due to the completion of the School District's facility project.

For more information on capital assets, refer to Note 9 in the notes to the basic financial statements.

**Debt Administration**

At June 30, 2013, the School District had \$3,394,942 in total outstanding debt consisting of School Facilities Construction and Improvement Bonds, accretion on Capital Appreciation Bonds, and bond premium. At June 30, 2013, the School District's overall legal debt margin was (\$421,945) with an unvoted debt margin of \$29,570. For more information on debt administration, refer to Note 15 of the notes to the basic financial statements.



***NEW BOSTON LOCAL SCHOOL DISTRICT***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

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**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Samantha Hamilton, Treasurer at New Boston Local School District, #1 Glenwood Tiger Trail, New Boston, Ohio 45662, or email [samantha.hamilton@nbtigers.net](mailto:samantha.hamilton@nbtigers.net).

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Statement of Net Position

June 30, 2013

	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$2,659,794
Materials and Supplies Inventory	6,235
Inventory Held for Resale	7,108
Intergovernmental Receivable	669,176
Prepaid Items	11,407
Property Taxes Receivable	1,819,106
Restricted Assets:	
Equity in Pooled Cash and Cash Equivalents	322,902
Capital Assets:	
Land and Construction in Progress	29,077
Depreciable Capital Assets, Net	19,724,713
<i>Total Assets</i>	<u>25,249,518</u>
<b><u>Liabilities:</u></b>	
Accounts Payable	126,470
Contracts Payable	442,512
Accrued Wages and Benefits Payable	336,672
Intergovernmental Payable	136,172
Accrued Interest Payable	24,383
Retainage Payable	322,902
Long-Term Liabilities:	
Due Within One Year	99,402
Due in More Than One Year	3,482,373
<i>Total Liabilities</i>	<u>4,970,886</u>
<b><u>Deferred Inflows of Resources:</u></b>	
Property Taxes	922,194
<b><u>Net Position:</u></b>	
Net Investment in Capital Assets	16,032,380
Restricted for Debt Service	238,885
Restricted for Capital Outlay	1,023,505
Restricted for Other Purposes:	
Food Service	153,900
Classroom Facilities Maintenance	96,864
State and Local Grants	138,711
Athletic Programs	25,791
Unrestricted	1,646,402
<i>Total Net Position</i>	<u><u>\$19,356,438</u></u>

See accompanying notes to the basic financial statements

**NEW BOSTON LOCAL SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2013

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants, Contributions, and Interest	Revenue and Changes in Net Position
				Total Governmental Activities
<b><u>Governmental Activities:</u></b>				
Instruction:				
Regular	\$2,778,099	\$1,424,150	\$237,900	(\$1,116,049)
Special	1,130,036	0	558,874	(571,162)
Vocational	131	0	3,268	3,137
Student Intervention Services	576	0	0	(576)
Support Services:				
Pupils	219,392	0	9,449	(209,943)
Instructional Staff	410,308	0	220,615	(189,693)
Board of Education	14,817	0	0	(14,817)
Administration	543,284	0	0	(543,284)
Fiscal	192,248	0	0	(192,248)
Operation and Maintenance of Plant	1,714,863	0	0	(1,714,863)
Pupil Transportation	141,904	0	14,292	(127,612)
Central	62,601	0	0	(62,601)
Operation of Non-Instructional Services:				
Food Service Operations	244,561	14,722	269,116	39,277
Extracurricular Activities	143,452	38,564	14,973	(89,915)
Interest and Fiscal Charges	232,869	0	0	(232,869)
<b>Total Governmental Activities</b>	<b>\$7,829,141</b>	<b>\$1,477,436</b>	<b>\$1,328,487</b>	<b>(5,023,218)</b>
<b><u>General Revenues:</u></b>				
Property Taxes Levied for:				
				802,156
				193,118
				13,582
				1,760,495
				13,774
				25,327
				218,433
<b>Total General Revenues</b>				<b>3,026,885</b>
<b>Change in Net Position</b>				<b>(1,996,333)</b>
<b>Net Position at Beginning of Year</b>				<b>21,352,771</b>
<b>Net Position at End of Year</b>				<b>\$19,356,438</b>

See accompanying notes to the basic financial statements

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Balance Sheet  
Governmental Funds  
June 30, 2013

	General	Bond Retirement	Building	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>						
Equity in Pooled Cash and Cash Equivalents	\$1,553,675	\$167,296	\$167,555	\$472,698	\$298,570	\$2,659,794
Receivables:						
Property Taxes	1,459,051	336,376	0	0	23,679	1,819,106
Intergovernmental	475	0	0	434,670	234,031	669,176
Interfund	35,979	0	0	0	0	35,979
Prepaid Items	2,864	0	0	0	8,543	11,407
Materials and Supplies Inventory	5,552	0	0	0	683	6,235
Inventory Held for Resale	0	0	0	0	7,108	7,108
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	0	0	0	322,902	0	322,902
<b>Total Assets</b>	<b>\$3,057,596</b>	<b>\$503,672</b>	<b>\$167,555</b>	<b>\$1,230,270</b>	<b>\$572,614</b>	<b>\$5,531,707</b>
<b><u>Liabilities:</u></b>						
Accounts Payable	\$24,710	\$0	\$67,980	\$0	\$33,780	\$126,470
Contracts Payable	0	0	85,112	357,400	0	442,512
Accrued Wages and Benefits Payable	255,714	0	0	0	80,958	336,672
Intergovernmental Payable	117,367	0	0	0	18,805	136,172
Interfund Payable	0	0	0	0	35,979	35,979
Retainage Payable	0	0	0	322,902	0	322,902
<b>Total Liabilities</b>	<b>397,791</b>	<b>0</b>	<b>153,092</b>	<b>680,302</b>	<b>169,522</b>	<b>1,400,707</b>
<b><u>Deferred Inflows of Resources:</u></b>						
Property Taxes	738,224	171,860	0	0	12,110	922,194
Unavailable Revenue	675,014	152,698	0	377,029	184,082	1,388,823
<b>Total Deferred Inflows of Resources</b>	<b>1,413,238</b>	<b>324,558</b>	<b>0</b>	<b>377,029</b>	<b>196,192</b>	<b>2,311,017</b>
<b><u>Fund Balances:</u></b>						
Nonspendable	8,416	0	0	0	9,226	17,642
Restricted	0	179,114	14,463	172,939	273,278	639,794
Assigned	298,487	0	0	0	0	298,487
Unassigned (Deficit)	939,664	0	0	0	(75,604)	864,060
<b>Total Fund Balances</b>	<b>1,246,567</b>	<b>179,114</b>	<b>14,463</b>	<b>172,939</b>	<b>206,900</b>	<b>1,819,983</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$3,057,596</b>	<b>\$503,672</b>	<b>\$167,555</b>	<b>\$1,230,270</b>	<b>\$572,614</b>	<b>\$5,531,707</b>

See accompanying notes to the basic financial statements

**NEW BOSTON LOCAL SCHOOL DISTRICT**  
 Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2013

**Total Governmental Fund Balances** \$1,819,983

*Amounts reported for governmental activities in the  
 Statement of Net Position are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	29,077	
Other capital assets	20,716,713	
Accumulated depreciation	<u>(992,000)</u>	
Total capital assets		19,753,790

Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

Delinquent property taxes	838,450	
Intergovernmental	<u>550,373</u>	
		1,388,823

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (24,383)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bond Premium	(68,544)	
Bonds Payable	(3,326,398)	
Compensated absences	<u>(186,833)</u>	
Total liabilities		<u>(3,581,775)</u>

**Net Position of Governmental Activities** \$19,356,438

See accompanying notes to the basic financial statements

**NEW BOSTON LOCAL SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2013

	General	Bond Retirement	Building	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>						
Property Taxes	\$780,607	\$188,069	\$0	\$0	\$13,227	\$981,903
Intergovernmental	1,938,387	15,372	0	288,687	1,025,437	3,267,883
Investment Earnings	9,832	880	2,696	11,312	1,197	25,917
Tuition and Fees	1,382,827	0	0	0	0	1,382,827
Extracurricular Activities	0	0	0	0	38,564	38,564
Rent	41,323	0	0	0	0	41,323
Charges for Services	0	0	0	0	14,722	14,722
Contributions and Donations	13,774	0	0	0	14,973	28,747
Miscellaneous	218,208	0	0	225	0	218,433
<i>Total Revenues</i>	<u>4,384,958</u>	<u>204,321</u>	<u>2,696</u>	<u>300,224</u>	<u>1,108,120</u>	<u>6,000,319</u>
<b><u>Expenditures:</u></b>						
Current:						
Instruction:						
Regular	2,215,108	0	0	0	218,818	2,433,926
Special	433,878	0	0	0	364,114	797,992
Vocational	131	0	0	0	0	131
Support Services:						
Pupils	193,340	0	0	0	13,797	207,137
Instructional Staff	144,765	0	0	0	236,796	381,561
Board of Education	14,817	0	0	0	0	14,817
Administration	510,386	0	0	0	0	510,386
Fiscal	178,400	4,883	0	0	343	183,626
Operation and Maintenance of Plant	439,233	0	5,470	9,433	19,573	473,709
Pupil Transportation	106,563	0	0	0	0	106,563
Central	50,908	0	0	0	5,173	56,081
Operation of Non-Instructional Services:						
Food Service Operations	1,737	0	0	0	227,368	229,105
Extracurricular Activities	89,991	0	0	0	47,311	137,302
Capital Outlay	29,077	0	130,419	6,097,137	0	6,256,633
Debt Service:						
Principal Retirement	0	50,000	0	0	0	50,000
Interest and Fiscal Charges	0	147,045	0	0	0	147,045
<i>Total Expenditures</i>	<u>4,408,334</u>	<u>201,928</u>	<u>135,889</u>	<u>6,106,570</u>	<u>1,133,293</u>	<u>11,986,014</u>
Excess of Revenues Over (Under) Expenditures	<u>(23,376)</u>	<u>2,393</u>	<u>(133,193)</u>	<u>(5,806,346)</u>	<u>(25,173)</u>	<u>(5,985,695)</u>
<b><u>Other Financing Sources (Uses):</u></b>						
Proceeds from Sale of Capital Assets	89,893	0	0	0	0	89,893
<i>Total Other Financing Sources (Uses)</i>	<u>89,893</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>89,893</u>
<i>Net Change in Fund Balances</i>	66,517	2,393	(133,193)	(5,806,346)	(25,173)	(5,895,802)
<i>Fund Balances at Beginning of Year</i>	<u>1,180,050</u>	<u>176,721</u>	<u>147,656</u>	<u>5,979,285</u>	<u>232,073</u>	<u>7,715,785</u>
<i>Fund Balances at End of Year</i>	<u>\$1,246,567</u>	<u>\$179,114</u>	<u>\$14,463</u>	<u>\$172,939</u>	<u>\$206,900</u>	<u>\$1,819,983</u>

See accompanying notes to the basic financial statements

**NEW BOSTON LOCAL SCHOOL DISTRICT**  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2013

**Net Change in Fund Balances - Total Governmental Funds** (\$5,895,802)

*Amounts reported for governmental activities in the  
 Statement of Activities are different because:*

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital asset additions	5,947,199	
Depreciation expense	(387,847)	
Excess of capital outlay over depreciation expense	5,559,352	5,559,352

The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of capital assets are removed from the capital assets account in the Statement of Net Position and offset against the proceeds from the sale of capital assets resulting in a loss on the sale of capital assets in the Statement of Activities.

Proceeds from the sale of capital assets	(89,893)	
Loss on disposal of capital assets	(1,351,659)	
	(1,441,552)	(1,441,552)

Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" inflows and are deferred in the governmental funds.

Delinquent property taxes	26,953	
Intergovernmental	(194,464)	
	(167,511)	(167,511)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The difference in these amounts on the Statement of Activities is the result of the following:

Amortization of bond premium	2,856	
Accretion on Bonds	(22,255)	
Decrease in Accrued Interest	(66,425)	
	(85,824)	(85,824)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of:

Bond payments	50,000	
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Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences payable	(14,996)	
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**Change in Net Position of Governmental Activities** (\$1,996,333)

See accompanying notes to the basic financial statements

**NEW BOSTON LOCAL SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2013

	Budget Amounts		Actual	Variance With Final Budget Over/(Under)
	Original	Final		
<b><u>Revenues:</u></b>				
Property Taxes	\$801,000	\$779,946	\$779,946	\$0
Intergovernmental	1,759,700	1,938,387	1,938,387	0
Investment Earnings	7,500	9,832	9,832	0
Tuition and Fees	1,095,000	1,382,827	1,382,827	0
Rent	36,000	41,323	41,323	0
Contributions and Donations	11,500	13,774	13,774	0
Miscellaneous	116,300	217,528	217,528	0
<i>Total Revenues</i>	3,827,000	4,383,617	4,383,617	0
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	2,220,548	2,204,157	2,204,157	0
Special	408,239	413,247	413,247	0
Vocational	184	131	131	0
Support Services:				
Pupils	208,344	195,631	195,631	0
Instructional Staff	136,976	140,569	140,569	0
Board of Education	14,801	14,338	14,338	0
Administration	535,605	523,635	523,635	0
Fiscal	190,510	180,123	180,123	0
Operation and Maintenance of Plant	557,241	465,637	465,637	0
Pupil Transportation	116,294	115,088	115,088	0
Central	55,804	51,676	51,676	0
Operation of Non-Instructional Services:				
Food Service Operations	758	1,739	1,739	0
Extracurricular Activities	62,821	91,367	91,367	0
Capital Outlay	0	29,077	29,077	0
<i>Total Expenditures</i>	4,508,125	4,426,415	4,426,415	0
Excess of Revenues Under Expenditures	(681,125)	(42,798)	(42,798)	0
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from Sale of Fixed Assets	0	89,893	89,893	0
Refund of Prior Year Expenditures	1,000	205	205	0
Advances In	22,885	22,885	22,885	0
Advances Out	(23,571)	(35,979)	(35,979)	0
<i>Total Other Financing Sources (Uses)</i>	314	77,004	77,004	0
<i>Net Change in Fund Balance</i>	(680,811)	34,206	34,206	0
<i>Fund Balance at Beginning of Year</i>	1,359,201	1,359,201	1,359,201	0
<i>Prior Year Encumbrances Appropriated</i>	68,241	68,241	68,241	0
<i>Fund Balance at End of Year</i>	\$746,631	\$1,461,648	\$1,461,648	\$0

See accompanying notes to the basic financial statements



**NEW BOSTON LOCAL SCHOOL DISTRICT**

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2013

	<u>Agency</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$66,181
	<u><u>                    </u></u>
<b><u>Liabilities:</u></b>	
Undistributed Monies	\$16,406
Deposits Held and Due to Others	49,775
	<u>                    </u>
<i>Total Liabilities</i>	<u><u>\$66,181</u></u>

See accompanying notes to the basic financial statements

**NEW BOSTON LOCAL SCHOOL DISTRICT**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2013

	Private Purpose Trust
	Scholarships
<b><u>Additions:</u></b>	
Gifts and Donations	\$2,000
<b><u>Deductions:</u></b>	
Scholarships	2,000
<i>Change in Net Position</i>	0
<i>Net Position at Beginning of Year</i>	0
<i>Net Position at End of Year</i>	\$0

See accompanying notes to the basic financial statements

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The New Boston Local School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District was established in 1906 through the consolidation of existing land areas and school districts. The School District serves an area of approximately six square miles. It is located in Scioto County, and includes all of the Village of New Boston. It is staffed by 20 non-certificated employees, 38 certificated teaching personnel and five administrative employees who provide services to 482 students and other community members. The School District currently operates one instructional building, one stadium, and one garage.

*Reporting Entity*

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For New Boston Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District participates in four organizations, one of which is defined as a jointly governed organization, two as public entity shared risk pools, and one as an insurance purchasing pool. These organizations are presented in Note 17 to the basic financial statements.

Jointly Governed Organization:

South Central Ohio Computer Association Council of Governments  
(SCOCACoG)

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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Public Entity Shared Risk Pools:

Optimal Health Initiatives Consortium

Schools of Ohio Risk Sharing Authority

Insurance Purchasing Pool:

Ohio SchoolComp Workers' Compensation Group Rating Plan

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

**Basis of Presentation**

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

*Government-wide Financial Statements*

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide statements normally distinguish between those activities that are governmental and those that are considered business-type activities; however, the School District has no business-type activities.

The Statement of Net Position presents the financial condition of the governmental activities of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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*Fund Financial Statements*

During the fiscal year, the School District segregates transactions related to certain School District functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into two categories; governmental and fiduciary.

*Governmental Funds*

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund - The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund – The Bond Retirement Debt Service Fund is established to account for the accumulation of resources for, and the payment of, general obligation bond principal and interest and certain other long-term obligations when the School District is obligated for the payment.

Building Fund – The Building Capital Projects Fund is used to account for and report restricted local resources in connection with contracts entered into by the School District and the Ohio School Facilities Commission for the school facilities project.

Classroom Facilities Fund - The Classroom Facilities Capital Projects Fund is used to account for and report restricted State resources in connection with contracts entered into by the School District and the Ohio School Facilities Commission for the school facilities project.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

## **NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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### *Fiduciary Funds*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has three fiduciary funds: a private purpose trust fund used to account for college scholarship programs for students; and two agency funds, which are used to account for student managed activity programs and deductions, which are held as Christmas Club savings, from payroll for the School District's employees.

### **Measurement Focus**

#### *Government-wide Financial Statements*

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities reports increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

#### *Fund Financial Statements*

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and deferred inflows of resources generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust fund is reported using the flow of economic resources measurement focus.

### **Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the financial statements of the fiduciary fund are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows, and in the presentation of expenses versus expenditures.

## **NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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### *Revenues - Exchange and Non-exchange Transactions*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available for advance and grants.

### *Deferred Inflows of Resources*

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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*Expenses/Expenditures*

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2013 amounted to \$9,832, which includes \$6,536 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable/Interfund Payable". Interfund balances are eliminated on the Statement of Net Position.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

**Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and purchased food held for resale.



**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Capital Assets**

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	10 - 20 years
Vehicles	5 - 10 years

**Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

**Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets include amounts due to contractors for retainage.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current fiscal year. Bonds that will be paid from governmental funds are recognized as an expenditure and liability on the governmental fund financial statements when due.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

*Restricted* - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Board of Education. In the General Fund, assigned amounts represent amounts assigned by the Board of Education or a School District official delegated that authority by resolution or by State Statute. The future appropriation amount assigned in the General Fund represents fiscal year 2014 appropriations that exceed estimated resources. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully approved.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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*Unassigned* - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, classroom facilities maintenance, Federal and State grants restricted to expenditures for specified purposes, and athletic programs.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Internal Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocation of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Inferfund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers and are eliminated from the Statement of Activities. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

The School District had no interfund transfers during the fiscal year.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Budgetary Process**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as final budgeted amounts reflect the amounts in the amended certificate requested at fiscal year-end. Before fiscal year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year-end in all funds.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations. Prior to fiscal year-end, the School District passed a supplemental appropriation that reflected actual expenditures plus encumbrances for the fiscal year.

**Bond Premiums and Compounded Interest on Capital Appreciation Bonds**

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest accrued during the fiscal year. Bond premiums and the compounded interest on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Accretion on the capital appreciation bonds is not reported. Interest on the capital appreciation bonds is recorded as an expenditure when the debt becomes due.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES**

**Change in Accounting Principles**

For fiscal year 2013, the School District has implemented Governmental Accounting Standard Board (GASB) *Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 65, "Items Previously Reported as Assets and Liabilities," and Statement No. 66, "Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62."*

*GASB Statement No. 62* incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School District's financial statements.

*GASB Statement No. 63* provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

*GASB Statement No. 65* properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

*GASB Statement No. 66* resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School District's financial statements.

**NOTE 4 - ACCOUNTABILITY**

At June 30, 2013, the Early Childhood Education, Race to the Top, Title VI-B, and Miscellaneous Federal Grants Special Revenue Funds had deficit fund balances of \$9,877, \$51,320, \$290, and \$14,117, respectively. The General Fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
4. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$66,517
Adjustments:	
Revenue Accruals	(1,136)
Expenditure Accruals	73,946
Advances	(13,094)
Encumbrances	<u>(92,027)</u>
Budget Basis	<u><u>\$34,206</u></u>

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**NOTE 6 - DEPOSITS AND INVESTMENTS**

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio Local Governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

*Deposits*

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, all of the School District's bank balance of \$3,216,424 was either covered by the Federal Deposit Insurance Corporation or collateralized with pooled securities held by the pledging financial institution in the manner described below.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

**NOTE 7 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012, and are collected in calendar year 2013 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.



**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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The School District receives property taxes from Scioto County. The Scioto County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property which are measurable as of June 30, 2013, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

The amount available as an advance at June 30, 2013, was \$45,813 in the General Fund, \$831 in the Classroom Facilities Maintenance Fund, and \$11,818 in the Bond Retirement Fund. The amount available as an advance at June 30, 2012, was \$45,152 in the General Fund, \$861 in the Classroom Facilities Maintenance Fund, and \$12,250 in the Bond Retirement Fund.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which fiscal year 2013 taxes were collected are:

	2012 Second- Half Collections		2013 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$25,158,350	85.23%	\$24,975,970	84.46%
Public Utility Personal	4,359,880	14.77%	4,593,770	15.54%
Total Assessed Value	<u>\$29,518,230</u>	<u>100.00%</u>	<u>\$29,569,740</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$41.45		\$41.45	

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2013, consisted of property taxes, intergovernmental grants, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except for delinquent property taxes and the Ohio School Facilities Commission Grant are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. Ohio School Facilities Commission Grant monies will be collected over the life of the construction of the new facility.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<u>Governmental Activities:</u>	
Major Funds:	
General	\$475
Classroom Facilities	434,670
Non-Major Funds:	
Title I	94,955
Literacy Assessment Grant	12,120
Race to The Top Grant	1,213
IDEA-B	1,830
Improving Teacher Quality	4,368
Ohio Appalachian Collaborative Race to the Top	69,669
Race to the Top	33,175
Batelle Teacher Incentive Grant	4,779
Teacher Incentive Grant	11,265
Early Childhood Education Grant	657
Total Non-Major Funds	<u>234,031</u>
Total Intergovernmental Receivables	<u><u>\$669,176</u></u>

The School District was awarded a grant in the amount of \$16,896,209 on August 4, 2008, from the Ohio School Facilities Commission for the construction of a new Pre-K-12 facility, as well as to demolish the existing instructional buildings.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

**NOTE 9 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Balance at</u> 6/30/12	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> 6/30/13
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$50,380	\$0	(\$21,303)	\$29,077
Construction in Progress	13,885,603	4,824,263	(18,709,866)	0
Total Capital Assets Not Being Depreciated	<u>13,935,983</u>	<u>4,824,263</u>	<u>(18,731,169)</u>	<u>29,077</u>
Capital Assets Being Depreciated:				
Land Improvements	0	637,617	0	637,617
Buildings and Improvements	2,316,657	18,072,249	(2,126,731)	18,262,175
Furniture, Fixtures and Equipment	1,554,474	1,121,980	(1,146,661)	1,529,793
Textbooks	486,779	0	(486,779)	0
Vehicles	286,172	956	0	287,128
Total Capital Assets Being Depreciated	<u>4,644,082</u>	<u>19,832,802</u>	<u>(3,760,171)</u>	<u>20,716,713</u>
Less Accumulated Depreciation:				
Land Improvements	0	(33,741)	0	(33,741)
Buildings and Improvements	(963,484)	(241,136)	855,111	(349,509)
Furniture, Fixtures and Equipment	(1,268,301)	(80,448)	998,032	(350,717)
Textbooks	(486,779)	0	486,779	0
Vehicles	(225,511)	(32,522)	0	(258,033)
Total Accumulated Depreciation	<u>(2,944,075)</u>	<u>(387,847) *</u>	<u>2,339,922</u>	<u>(992,000)</u>
Total Capital Assets Being Depreciated, Net	<u>1,700,007</u>	<u>19,444,955</u>	<u>(1,420,249)</u>	<u>19,724,713</u>
Governmental Activities Capital Assets, Net	<u>\$15,635,990</u>	<u>\$24,269,218</u>	<u>(\$20,151,418)</u>	<u>\$19,753,790</u>

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$187,348
Special	33,640
Vocational	576
Support Services:	
Pupils	11,614
Instructional Staff	27,817
Administration	29,491
Fiscal	7,353
Operation and Maintenance of Plant	27,190
Pupil Transportation	35,224
Central	5,660
Operation of Non-Instructional Services:	
Food Service Operations	15,784
Extracurricular Activities	6,150
Total Depreciation Expense	<u><u>\$387,847</u></u>

**NOTE 10 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) (Note 17) for property and fleet insurance.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant change in insurance coverage from last fiscal year.

The School District participates in the Optimal Health Initiatives Consortium (the "Consortium"), a public entity shared risk pool (Note 17), consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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For fiscal year 2013, the School District participated in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System**

Plan Description – The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$79,361, \$55,540, and \$72,215, respectively. The full amount has been contributed for fiscal years 2013, 2012, and 2011.

**State Teachers Retirement System of Ohio**

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$279,275, \$276,439, and \$296,875, respectively. For fiscal year 2013, 81.82 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Member contributions of \$293 were made for fiscal year 2013 for the defined contribution portion of the Combined Plan.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**School Employees Retirement System**

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2013, this amount was \$20,525. During fiscal year 2013, the School District paid \$11,703 in surcharge.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$12,672, \$13,476, and \$18,803, respectively. The full amount has been contributed for fiscal years 2013, 2012, and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011, were \$4,483, \$3,280, and \$4,647, respectively. For fiscal year 2013, the full amount has been contributed for fiscal years 2013, 2012, and 2011.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**State Teachers Retirement System of Ohio**

Plan Description – The School District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$21,483, \$21,265, and \$22,837, respectively. For fiscal year 2013, 81.82 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

**NOTE 13 - EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from Board approved employment contracts and State laws. Eligible classified employees and administrators earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Unlimited sick leave may be accumulated for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 53 days for all employees.

**Special Termination Benefits**

Any employee who retires may be given an additional severance payment. Employees who have accumulated more than 212 sick leave days receive an additional amount at the rate of .08 percent of their current annual salary for each day accumulated in excess of 212 days. Benefits will be paid upon retirement. For fiscal year 2013, no employees were eligible for this benefit.



**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Insurance Benefits**

The School District provides life insurance to its employees through Metropolitan Education Council (MEC). The School District also provides health care and dental coverage for its employees with Medical Mutual of Ohio through the Optimal Health Initiatives Consortium, and vision benefits through Vision Service Plan.

**Deferred Compensation**

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

**NOTE 14 - CAPITALIZED LEASE - LESSEE DISCLOSURE**

During fiscal year 2010, the School District entered into an operating lease with Nextel Spectrum Acquisition Corporation (Nextel) for the right to use the School District's four Educational Broadband Service channels. The lease automatically renews in five year increments, which includes an increase in the monthly lease payments for each five year renewal. The monthly lease payment and one-time lump sum payment is refundable to Nextel on a pro rata basis if the contract is terminated, or the bandwidth, megahertz, Geographical Service Area (GSA) and population decreases during the life of the lease. The lease payments to the School District are receipted into the General Fund. During fiscal year 2013, the School District received \$41,323 in lease payments.

**NOTE 15 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2013 were as follows:

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

	Amount Outstanding 6/30/12	Additions	Deductions	Amount Outstanding 6/30/13	Amount Due Within One Year
2009 School Facilities Construction and Improvement General Obligation Bonds - 3.0% to 5.0%					
Serial Bonds	\$270,000	\$0	\$50,000	\$220,000	\$65,000
Term Bonds	2,935,000	0	0	2,935,000	0
Capital Appreciation Bonds	107,336	0	0	107,336	0
Accretion on Capital Appreciation Bonds	41,807	22,255	0	64,062	0
Unamortized Premium	71,400	0	2,856	68,544	
Compensated Absences	171,837	30,890	15,894	186,833	34,402
Total General Long-Term Obligations	<u>\$3,597,380</u>	<u>\$53,145</u>	<u>\$68,750</u>	<u>\$3,581,775</u>	<u>\$99,402</u>

On July 8, 2009, the School District issued \$3,462,336 in general obligation bonds for the purpose of paying off the December 2008 bond anticipation notes. The bond issue included serial, term, and capital appreciation bonds, in the amount of \$420,000, \$2,935,000, and \$107,336, respectively. The bonds were issued for a 28 year period with first maturity at November 1, 2009, and final maturity at November 1, 2036.

The serial bonds issued at \$420,000 and with final maturity dates after November 1, 2018, are subject to optional redemption, in whole or in part on any date in any order of maturity as determined by the School District and by lot within a maturity, at the option of the Board of Education on or after November 1, 2018, at the redemption price of 100 percent.

The term bonds were issued at \$2,935,000. The term bonds that mature on November 1, 2036, are subject to mandatory sinking fund redemption on November 1, 2020, November 1, 2022, November 1, 2024, November 1, 2026, November 1, 2029, November 1, 2034, and November 1, 2036, at 100 percent of the principal amount thereof plus accrued interest to the date of redemptions according to the following schedule:

Fiscal Year	Principal Amount to be Redeemed
2021	\$225,000
2023	240,000
2025	265,000
2027	285,000
2030	485,000
2035	975,000
2037	460,000
Total	<u>\$2,935,000</u>

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

The capital appreciation bonds, issued at \$107,336, are not subject to prior redemption. The fiscal year 2013 accretion amount was \$22,255. The remaining capital appreciation bonds will mature November 1, 2016, through 2018 as follows:

Fiscal Year	Maturity Amount
2017	\$100,000
2018	110,000
2019	110,000
Total	<u>\$320,000</u>

Principal and interest requirements to retire the School District's outstanding debt at June 30, 2013, are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds					
	Serial Bonds		Term Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$65,000	\$145,320	\$0	\$0	\$0	\$0
2015	75,000	143,220	0	0	0	0
2016	80,000	140,795	0	0	0	0
2017	0	0	0	139,495	38,200	61,800
2018	0	0	0	139,495	36,839	73,161
2019-2023	0	0	465,000	659,416	32,297	77,703
2024-2028	0	0	705,000	521,953	0	0
2029-2033	0	0	885,000	334,037	0	0
2034-2037	0	0	880,000	90,500	0	0
Totals	<u>\$220,000</u>	<u>\$429,335</u>	<u>\$2,935,000</u>	<u>\$1,884,896</u>	<u>\$107,336</u>	<u>\$212,664</u>

As of June 30, 2013, all of the debt proceeds had been spent toward the project.

Compensated absences and special termination benefits will be paid from the General Fund.

The School District's overall legal debt margin was (\$421,945) with an unvoted debt margin of \$29,570 at June 30, 2013. Ohio Revised Code section 133.06(I) allows a school district to incur net indebtedness in excess of the legal debt limitation when necessary to raise the school district's portion of Ohio School Facilities construction project costs. The School District submitted the issuance of the School Construction Bonds to the electors prior to the adoption of H.B. 530. In addition, H.B. 530 now excludes tangible personal property used in business, telephone, or telegraph property, interexchange telecommunications company property, or personal property owned or leased by a railroad company and used in railroad operations from the definition of tax valuation for the purpose of calculating the legal debt margin for school districts.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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**NOTE 16 - INTERFUND ACTIVITY**

**Advances**

As of June 30, 2013, receivables and payables that resulted from various interfund transactions were as follows:

	<b>Receivable</b>
	<u>General Fund</u>
<b>Payable</b>	
Nonmajor Governmental Funds	<u>\$35,979</u>

General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund will use these restricted monies to reimburse the General Fund for the initial advance.

**NOTE 17 - JOINTLY GOVERNED ORGANIZATION, PUBLIC ENTITY SHARED RISK POOLS, AND INSURANCE PURCHASING POOL**

**South Central Ohio Computer Association Council of Governments (SCOCACoG)**

The School District is a participant in the South Central Ohio Computer Association Council of Governments (SCOCACoG), which is organized under ORC Code Chapter 167 as a regional council of governments. SCOCACoG is an association of public school districts within the boundaries of Pickaway, Gallia, Adams, Brown, Highland, Pike, Ross, Scioto, Vinton, Jackson, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among members. The governing board of SCOCACoG consists of two representatives from each county in the SCOCACoG service region designated by the Ohio Department of Education and two representatives of the school treasurers. The Board exercises total control over the operations of SCOCACoG including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid SCOCACoG \$7,568 for services provided during the fiscal year. Financial information can be obtained from the SCOCA Council of Governments, Sandra Benson, Fiscal Officer, at P.O. Box 596, 175 Beaver Creek Rd., Piketon, Ohio, 45661.

***NEW BOSTON LOCAL SCHOOL DISTRICT***

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Optimal Health Initiatives Consortium**

The School District is a member of the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool, consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. The overall objective of the Consortium is to enable its members to purchase employee benefits and related products and services using the Consortium’s economies of scale to create cost-savings. The Council’s business and affairs are managed by an Executive Board of Trustees, consisting of the chairperson of each division’s board of trustees and the chairperson of the Butler Health Plan. The participants pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the fiscal agent, Jennifer Jostworth, CoWorth Financial Services at 10999 Reed Hartman Highway, Suite 304-E, Cincinnati, Ohio 45242.

**Schools of Ohio Risk Sharing Authority**

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing insurance pool. The pool consists of 62 school districts, joint vocational schools, and educational service centers throughout Ohio who pool risk for property, crime, liability, boiler and machinery, and public official liability coverage. SORSA is governed by a board of trustees elected by members. The School District pays an annual premium to SORSA for this coverage. The self-insured retention by SORSA is \$19,197 for property and automobile physical damage. Reinsurance is purchased to cover claims exceeding this amount and for all claims related to equipment breakdown coverage.

**Ohio SchoolComp Workers’ Compensation Group Rating Plan**

The School District participates in the Ohio SchoolComp Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool. The Ohio School Board Association (OSBA) and the Ohio Association of School Business Officials (OASBO) co-sponsor the Group Rating Plan. The Executive Directors of the OSBA and the OASBO, or their designees, serve as coordinators of the program.

**NOTE 18 - SET-ASIDE CALCULATIONS**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The following cash basis information describes the change in the fiscal year-end set-aside amounts for capital acquisitions. Disclosure of this information is required by State statute.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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	<u>Capital Acquisitions</u>
Set-aside Balance as of June 30, 2012	\$0
Current Fiscal Year Set-aside Requirement	73,309
Current year Offsets	<u>(73,309)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>

Amounts of offsets and qualifying expenditures presented in the table for the capital acquisition set-asides were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year.

**NOTE 19 – SIGNIFICANT COMMITMENTS**

**Contractual Commitments**

The School District contracted for constructing its new Pre-K-12 facility, as well as to demolish the existing instructional buildings. The outstanding construction commitments at June 30, 2013, are:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance At June 30, 2013</u>
Legat and Kingston	\$1,084,380	\$1,065,787	\$18,593
Hill International	1,109,063	1,083,107	25,956
Mechanical Construction	2,781,070	2,740,137	40,933
Central Fire Protection	137,727	135,037	2,690
Stan & Associates	46,897	27,021	19,876
CTL Engineering	95,000	83,688	11,312
Gandee Associates	62,725	2,817	59,908
Total	<u>\$5,316,862</u>	<u>\$5,137,594</u>	<u>\$179,268</u>

**Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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General Fund	\$92,027
Building Fund	188,591
Classroom Facilities Fund	602,286
Nonmajor Governmental Funds	70,674
Total	<u><u>\$953,578</u></u>

**NOTE 20 - CONTINGENCIES**

**Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

**Litigation**

The School District is not currently party to legal proceedings.

**NEW BOSTON LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

**NOTE 21 - FUND BALANCES**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below

Fund Balances	General	Bond Retirement	Building	Classroom Facilities	Other Governmental Funds	Total
<b><i>Nonspendable</i></b>						
Prepays	\$2,864	\$0	\$0	\$0	\$8,543	\$11,407
Inventory	5,552	0	0	0	683	6,235
<b><i>Total Nonspendable</i></b>	<b>8,416</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,226</b>	<b>17,642</b>
<b><i>Restricted for</i></b>						
Debt Payment	0	179,114	0	0	0	179,114
Food Service Operations	0	0	0	0	153,069	153,069
Classroom Facilities Maintenance	0	0	0	0	86,126	86,126
Athletics	0	0	0	0	25,791	25,791
Title I	0	0		0	4,614	4,614
Reducing Class Size	0	0	0	0	3,678	3,678
Capital Improvements	0	0	14,463	172,939	0	187,402
<b><i>Total Restricted</i></b>	<b>0</b>	<b>179,114</b>	<b>14,463</b>	<b>172,939</b>	<b>273,278</b>	<b>639,794</b>
<b><i>Assigned to</i></b>						
Future Appropriations	236,622	0	0	0	0	236,622
Purchases on Order	61,865	0	0	0	0	61,865
<b><i>Total Assigned</i></b>	<b>298,487</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>298,487</b>
<b><i>Unassigned (Deficit)</i></b>	<b>939,664</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(75,604)</b>	<b>864,060</b>
<b><i>Total Fund Balances</i></b>	<b>\$1,246,567</b>	<b>\$179,114</b>	<b>\$14,463</b>	<b>\$172,939</b>	<b>\$206,900</b>	<b>\$1,819,983</b>



**New Boston Local School District**  
*Schedule of Federal Awards Expenditures*  
*For the Fiscal Year Ended June 30, 2013*

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>United States Department of Agriculture</b>						
<i>Passed through the Ohio Department of Education</i>						
Child Nutrition Cluster:						
School Breakfast Program	3L70	10.553	\$94,718	\$0	\$94,718	\$0
National School Lunch Program	3L60	10.555	161,941	6,870	161,941	6,870
Total Child Nutrition Cluster			256,659	6,870	256,659	6,870
<b>Total United States Department of Agriculture</b>			<b>256,659</b>	<b>6,870</b>	<b>256,659</b>	<b>6,870</b>
<b>United States Department of Education</b>						
<i>Passed through the Ohio Department of Education</i>						
TIF Cluster:						
Teacher Incentive Fund	3CGO	84.374	40,479	0	30,417	0
Teacher Incentive Fund, Recovery Act	3ECO	84.385	70,511	0	83,716	0
Total TIF Cluster			110,990	0	114,133	0
Special Education Grants to States	3M20	84.027	88,482	0	87,713	0
Education Jobs	3ET0	84.410	9,274	0	18,642	0
Educational Technology State Grants	3S20	84.318	594	0	0	0
Title I Grants to Local Educational Agencies	3M00	84.010	308,349	0	311,219	0
Improving Teacher Quality State Grants	3Y60	84.367	46,214	0	46,272	0
State Fiscal Stabilization Fund (SFSF)-Race-to-the- Top Incentive Grants, Recovery Act	3FD0	84.395	123,600	0	129,312	0
<b>Total United States Department of Education</b>			<b>687,503</b>	<b>0</b>	<b>707,291</b>	<b>0</b>
<b>Total Federal Financial Assistance</b>			<b>\$944,162</b>	<b>\$6,870</b>	<b>\$963,950</b>	<b>\$6,870</b>

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

**New Boston Local School District**  
*Notes to the Schedule of Federal Awards Expenditures*  
*For the Fiscal Year Ended June 30, 2013*

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**Note 1 – Significant Accounting Policies**

The accompanying schedule of federal awards expenditures includes the federal grant activity of the School District and has been prepared on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2 – Child Nutrition Cluster**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed that federal monies are expended first. Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the schedule using the entitlement value of the commodities received. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

Board of Education  
New Boston Local School District  
#1 Glenwood Tiger Trail  
New Boston, Ohio 45662

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of New Boston Local School District, Scioto County, Ohio (the School District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 28, 2014, wherein we noted the School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Natalie Millhuff-Stang, CPA  
President/Owner  
Millhuff-Stang, CPA, Inc.

February 28, 2014

**Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance  
Required by OMB Circular A-133**

Independent Auditor's Report

Board of Education  
New Boston Local School District  
#1 Glenwood Tiger Trail  
New Boston, Ohio 45662

**Report on Compliance for Each Major Federal Program**

We have audited New Boston Local School District's (the School District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the School District's major federal program for the year ended June 30, 2013. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the School District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the School District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Natalie Millhuff-Stang, CPA  
President/Owner  
Millhuff-Stang, CPA, Inc.

February 28, 2014

**New Boston Local School District**  
*Schedule of Findings and Questioned Costs*  
*OMB Circular A-133 Section .505*  
*For the Fiscal Year Ended June 30, 2013*

**Section I – Summary of Auditor’s Results**

<i>Financial Statements</i>		
Type of financial statement opinion:		Unmodified
Internal control over financial reporting:		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?		No
<i>Federal Awards</i>		
Internal control over major program(s):		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor’s report issued on compliance for major programs:		Unmodified
Any auditing findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?		No
Identification of major program(s):		Title I Grants to Local Educational Agencies (CFDA #84.010)
Dollar threshold used to distinguish between type A and type B programs:		Type A: >\$300,000 Type B: all others
Auditee qualified as low-risk auditee?		Yes

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**New Boston Local School District**

*Schedule of Prior Audit Findings*

*OMB Circular A-133 Section .315(b)*

*For the Fiscal Year Ended June 30, 2013*

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Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
Finding 2012-1	Noncompliance – Appropriations in Excess of Available and Estimated Resources	Yes	



**Independent Accountant's Report on Applying Agreed-Upon Procedure**

Board of Education  
New Boston Local School District  
#1 Glenwood Tiger Trail  
New Boston, Ohio 45662

Ohio Revised Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether New Boston Local School District (the School District) has updated its anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on January 13, 2011 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than this specified party.



Natalie Millhuff-Stang, CPA  
President/Owner  
Millhuff-Stang, CPA, Inc.

February 28, 2014

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# Dave Yost • Auditor of State

**NEW BOSTON LOCAL SCHOOL DISTRICT**

**SCIOTO COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 15, 2014**